

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 FRB-03 OMB-01 ITC-01 AGRE-00

AID-05 COME-00 EB-08 LAB-04 OIC-02 SIL-01 STR-04

TRSE-00 CEA-01 /111 W

-----128450 290534Z /17

P R 290322Z JUL 77

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 8271

INFO USMISSION USUN NEW YORK

AMEMBASSY OTTAWA

AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

AMEMBASSY MOSCOW

AMEMBASSY TOKYO

AMEMBASSY MANILA

AMEMBASSY BANGKOK

RUKOQXAMEMBASSY SINGAPORE 7115

AMEMBASSY JAKARTA

AMEMBASSY GENEVA

USLO PEKING

CINCPAC

C O N F I D E N T I A L KUALA LUMPUR 4946

E.O.11652: GDS

TAGS: PGOVT, EIND, MY

SUBJECT: CONVERSATION WITH MINISTER FOR PRIMARY INDUSTRIES,
MUSA HITAM

1. DURING MY INITIAL CALL YESTERDAY ON MUSA HITAM, MINISTER
FOR PRIMARY INDUSTRIES, HE INDICATED HE PLANNED TO ATTEND
THE RESUMED UNGA SESSION IN NEW YORK SEPTEMBER 13-16 AND THE
UNCTAD MEETING ON THE COMMON FUND IN GENEVA IN NOVEMBER.
DURING HIS TRIP TO THE U.S., MUSA ALSO PLANS TO ATTEND A
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CONFERENCE IN OTTAWA SEPTEMBER 9-11, MEET AN ENGAGEMENT IN
SAN FRANCISCO ON SEPTEMBER 14-15 (COMMUTING FROM THE UNGA
SESSION?), RETURN TO OTTAWA FOR FURTHER MEETINGS BEGINNING
SEPTEMBER 18, AND THEN RETURN TO NEW YORK FOR A MEETING WITH
THE COUNCIL ON FOREIGN RELATIONS ON SEPTEMBER 25. HE INDICATED
AMBASSADOR ZAIN WAS BEING KEPT ABREAST OF HIS PLANS.

2. MUSA ALSO ASKED WHEN ASSISTANT SECRETARY HOLBROOKE MIGHT VISIT MALAYSIA. I NOTED THAT IN ADDITION TO HIS AND OAKLEY'S EARLIER TRIPS TO THE AREA, HOLBROOKE WOULD LEAD OUR DELEGATION TO THE US-ASEAN CONSULTATIONS IN MANILA IN EARLY SEPTEMBER, PRESUMABLY AFTER ACCOMPANYING SECRETARY VANCE TO PEKING. I SAID I DID NOT KNOW WHETHER HOLBROOKE WOULD HAVE THE TIME TO COME TO KUALA LUMPUR ON THAT TRIP.

3. MUSA ALSO COVERED THE FOLLOWING SUBJECTS:

A. ASEAN CONSULTATIONS WITH THE USSR. HE SAID HE HAD SUGGESTED TO FOREIGN MINISTER RITHAUDDEEN THAT MALAYSIA RAISE FOR DISCUSSION WITHIN ASEAN A PROPOSAL FOR CONSULTATIONS WITH EASTERN EUROPE, PRINCIPALLY THE USSR. MUSA OBSERVED THAT THE SOVIETS' GROWING PRODUCTION OF SYNTHETIC RUBBER WAS BEGINNING TO THREATEN MALAYSIA'S MARKETS FOR NATURAL RUBBER IN EASTERN EUROPE. HE NOTED THAT WHEN A SIMILAR SITUATION AROSE WITH JAPAN SEVERAL YEARS AGO, ASEAN WAS ABLE TO WORK OUT SATISFACTORY ARRANGEMENTS WITH TOKYO. HE THEREFORE WONDERED WHY THE SOVIETS SHOULD BE "LET OXRWESE HOOK" WHEN ASEAN TACKLED ITS FRIENDS ON SUCH MATTERS. HE SAID THE LONDON SUMMIT HAD POINTED OUT THAT THE SOCIALIST COUNTRIES WERE NOT DOING THEIR SHARE IN THE NORTH SOUTH DIALOGUE. I ASKED WHETHER SUCH A MOVE MIGHT LEAD THE SOVIETS TO REVIVE THE ISSUE OF THEIR DAM PROJECT IN MALAYSIA, WHICH THE CURRENT GOM HAS SHELVED, AND WHETHER THE PRC MIGHT CONSIDER SUCH CONFIDENTIAL

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A MOVE AS ANTI-PEKING. MUSA BRUSHED ASIDE THE FIRST QUESTIONS, SAYING THE GOM HAD "PLENTY OF ANSWERS" ON THE DAM PROJECT. AS FOR PEKING, HE THOUGH AN ASEAN APPROACH TO MOSCOW MIGHT CAUSE THE CHINESE TO "LOOSEN UP A BIT" TOWARD ASEAN. IN ANY CASE, HE SAID, THESE WERE POLITICAL QUESTIONS THAT WOULD NEED CAREFUL STUDY, THAT HE HAD RAISED THE MATTER FROM THE PERSPECTIVE OF HIS OWN SPECIFIC RESPONSIBILITIES, AND THAT HE HAD NO IDEA WHETHER MALAYSIA'S ASEAN PARTNERS WOULD BE ATTRACTED TO THE IDEA OR WHETHER THEY WOULD THINK SUCH A MOVE UNWISE. I NOTED THAT THE MORNING PAPERS QUOTED FOREIGN MINISTER RITHAUDDEEN AS HAVING RAISED PUBLICLY THE POSSIBILITY OF ASEAN CONSULTATIONS WITH EASTERN EUROPE (SEE SEPTTEL).

B. PALM OIL. MUSA SAID HE HAD READ CAREFULLY WITH SATISFACTION THE USIS REPRINTS OF SECRETARY BERGLAND'S RECENT STATEMENTS IN THE U.S. ABOUT PALM OIL. HE WENT ON TO SAY THAT THE CABINET HAD ONLY THE DAY BEFORE APPROVED HIS PROPOSAL TO ESTABLISH A MAJOR, INDEPENDENT OIL PALM RESEARCH FACILITY SIMILAR IN CAPABILITY AND QUALITY TO MALAYSIA'S LONGSTANDING RUBBER RESEARCH INSTITUTE. HE NOTED THAT MALAYSIA'S BURGEONING PALM OIL INDUSTRY "DESERVED" AN

ADEQUATE SCIENTIFIC BACK-UP. HE SAID FURTHER HE INTENDED TO ENCOURAGE THE ESTABLISHMENT OF A "LOBBY" IN THE U.S. TO SUPPORT THE SALE OF PALM OIL THERE AND TO COUNTER THE EFFORTS OF THE SOY BEAN INDUSTRY TO UNDERMINE PALM OIL COMPETITION WITH FALSE PROPAGANDA. IN RESPONSE TO MY QUERY AS TO WHETHER HE WAS UNDERTAKING SIMILAR EFFORTS ELSEWHERE, FOR EXAMPLE THE EEC, HE SAID IT WAS NOT NECESSARY BECAUSE THE EEC WAS A GOOD MARKET FOR PALM OIL AND DID NOT HAVE A COMPETING SOY BEAN INDUSTRY. HE NOTED ALSO THAT INDIA WAS A GROWING MARKET FOR MALAYSIA, AND THAT PAKISTAN HAD BEEN ALSO, UNTIL THE U.S. BEGAN UNDERCUTTING THE MARKET THERE WITH PL 480 SOY BEAN OIL. THIS LED HIM TO VOLUNTEER THAT HE WAS GIVING SOME THOUGHT TO A MALAYSIAN "PL 480 PROGRAM) FOR NEEDY COUNTRIES (PRESUMABLY COUNTRIES NEEDING

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PALM OIL). I MERELY OBSERVED THAT THE THRUST OF THE DELIBERATIONS OF THE WORLD FOOD COUNCIL WAS THAT THE WORLD'S DEMAND FOR FOOD WAS SUCH THAT THERE SHOULD BE ROOM FOR EVERY PRODUCER COUNTRY TO MAKE ITS CONTRIBUTION. (NOTE: MUSA'S IDEA OF A MALAYSIAN "PL 480 PROGRAM" PARALLELS INFORMATION MINISTER TAIB'S EARLIER COMMENT TO ME REGARDING INTERNAL GOM DISCUSSION OF MALAYSIAN ASSISTANCE PROGRAMS TO NEEDIER COUNTRIES--SEE MY LETTER TO EA DEPASSTSEC HEGINBOTHAM DATED JULY 25.

MILLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DAMS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUALA04946
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770271-1254
Format: TEL
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977075/aaaaadzl.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 01ff356a-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1839316
Secure: OPEN
Status: NATIVE
Subject: CONVERSATION WITH MINISTER FOR PRIMARY INDUSTRIES, MUSA HITAM
TAGS: PGOV, EIND, MY, UNGA, ASEAN, (HITAM, MUSA)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/01ff356a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009